

Aberdeen City Council

Assurance and Improvement Plan Update

2012–15

Introduction

1. The first Assurance and Improvement Plan (AIP) for Aberdeen City Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of all of the main local government audit and inspection agencies.
2. The aim of the shared risk assessment process was to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period. The AIP gave an overview of the information that informed the risk assessment and showed how this links to the proposed scrutiny response.
3. The local area network met again in November 2010 to update the AIP for the period 2011-14. The AIP Update was published in May 2011.
4. This report is the result of the shared risk assessment which began in November 2011. The update process drew on evidence from a number of sources, including:
 - The annual report to the Controller of Audit and elected members for 2010/11 from the council's appointed external auditors.
 - The council's own performance data and self-evaluation evidence.
 - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (SHR) (including published inspection reports and other supporting evidence).
5. The outcomes of that exercise are contained in this short report which summarises changes to risk assessments and proposed scrutiny responses. Appendix 1 to this report sets out a timetable for proposed audit and inspection activity between April 2012 and March 2015 which reflects the revised and updated scrutiny risk assessment.

Summary

6. The council has demonstrated improvement in a number of significant areas since the last AIP, against a backdrop of change. In March 2011, Valerie Watts took up post as the council's Chief Executive. The council approved a five year business plan in August 2011 which contained a package of options to deliver around £70 million of savings by 2015/16. This resulted from a significant priority based budgeting exercise to identify solutions to address the council's £105 million funding gap. These developments have provided both direction and focus for the council in taking forward its improvement agenda. Delivery of the business plan will require important changes in existing service delivery models and further potential organisational change. The associated risks around staff and service users will therefore need to be carefully managed.
7. In February 2012, the Director of Education, Culture & Sport left the authority to become Chief Executive of the Care Inspectorate. Interim arrangements put in place for the management of the service provide an opportunity to review structures at both corporate and service level.
8. The 2011/12 AIP update highlighted three areas of significant scrutiny risk. These related to political leadership/governance and accountability, aspects of social care and well-being and homelessness. The council has made good progress in addressing these areas. Social care and political leadership have been assessed as areas of uncertainty while homelessness has largely been assessed as an area of no significant scrutiny risk. Overall, the council continues to demonstrate improvement in a number of significant areas which are set out in the AIP. Planned scrutiny activity in the next 12 months is also set out in Appendix 1.

National risk priorities

9. A number of core national risk priorities will be applied to all 32 councils. These are:
 - **The protection and welfare of vulnerable people (children and adults) including access to opportunities - Area of uncertainty.** Comments on social care and well-being elsewhere in the report demonstrate the improvements made by the service over the last 12 months. It is too early to assess the impact of the changes but these will be considered as part of the Initial Scrutiny Level Assessment (ISLA) process which commenced in April 2012. A positive child protection report in 2011 highlighted significant improvements in leadership and direction. The challenge for services is to build on the improvements made thus far and strengthen approaches to self-evaluation. However, an area of concern remains around the exclusion rates for children and young people who are looked after at home which are more than double the Scottish average. In addition, the SHR highlighted improvements in the homelessness service although there are concerns about the council's ability to achieve 2012 targets. Overall, the LAN assessed this national priority as

an area of uncertainty given the aspects set out above where impact has still to be assessed through the forthcoming ISLA.

- **Assuring public money is being used properly - No significant risks.** The council has used a priority based budget approach to developing a fully costed 5-year Business Plan for 2011/12 to 2015/16. From a competitiveness perspective, the plan sets out options characterised as efficiency, transformation or stop/reduce options and in many cases requires significant service redesign and/or joint working. Some examples, set out later in the report, demonstrate how the council is displaying competitiveness. Preparation of the business plan started in 2010 and included a systematic appraisal, evaluation and prioritisation of options against the council's key strategic priorities. A follow-up of Audit Scotland's national report Improving Public Sector Procurement also noted improvements in purchasing services as demonstrated by a score of 51 per cent in the 2010 Procurement Capability Assessment. This placed the council in the top quartile of Scottish local authorities. The LAN therefore concluded that there were no areas of concern to be addressed.
- **How councils are responding to the challenging financial environment.** The Scottish Government recently announced its 2012/13 Scottish budget which provided details of local government proposed allocations for 2012/13 to 2014/15. The three year settlement announcement attempted to provide greater financial stability in uncertain times however given the strategic uncertainty in this area, the LAN considers this as **an area of uncertain scrutiny risk**. Locally, the council has taken tough decisions through its priority based budgeting exercise, and while it is in a better position than previous years to respond to the financial environment, it needs to deliver the savings identified in its business plan. The council has working balances of £11.5 million which represents 2.5 per cent of expenditure. No additional scrutiny work is planned but monitoring of the financial position is an important aspect of the local audit process.
- As captured earlier, in setting its 2011/12 Budget, the council undertook a priority based budgeting approach to developing its current 5-year Business Plan. This has allowed for £70 million of savings to be identified out of the projected £105 million required over the five year period. This approach featured as an example of good practice in Audit Scotland's *Scotland's public finances: Addressing the challenges*, published in August 2011, which highlighted that few other public bodies have so far undertaken a structured approach to budget setting in this way. The council has delivered year 1 of the business plan and in overall terms, it is managing the revenue budget within acceptable variances. The council's financial position and business planning process have enabled the LAN to conclude there are **no significant risks regarding financial management** at this point in time. These areas will be kept under review as part of the local audit process.

10. The LAN is committed to maintaining its engagement with the council between now and the next SRA/AIP refresh so that we can retain an overview of how the council is managing its response to the significant financial challenges that it and all other Scottish public bodies face.

Areas of unchanged scrutiny risk assessments

11. This update focuses predominantly on those areas assessed as being uncertain or having significant risk. However, in the interest of providing a broader view of the council's overall risk assessment, it is important to highlight those areas that were previously assessed as having no significant risks which, based on additional evidence in the current year, continue to be so. The additional evidence considered included performance reports, national data, revised action plans and policies, survey results and other self-evaluation activity undertaken by the council. The areas of unchanged scrutiny risk are:

Service Areas	Corporate Assessment	Outcomes
Education, culture & Sport – Education	Vision and strategic direction	Prosperity & Jobs
	Planning & Resource Alignment	Lifelong learning
	Partnership working and community leadership	Community safety
	Community engagement	Homes (Affordable Housing)
	Governance and accountability	Transport and connections
	Performance management	
	Challenge and improvement	
	Risk management	
	ICT	
	Use of resources – efficiency, financial management, asset management, procurement	
	Equalities	
	Sustainability	

12. The following comments relate to issues where perceived risks in the council's processes and activities remain unchanged since the 2011/12 AIP Update.

Area	Assessment	2012/13 Update
Leadership and culture	Area of uncertainty	<p>The council's Chief Executive has been in post since March 2011. The appointment of the Director of Education, Culture & Sport to the Care Inspectorate means that there will be further changes to the Corporate Management Team.</p> <p>The Aberdeen City Child Protection Sub-Committee (ACCPSC) together with the North East Scotland Child Protection Committee are helping to drive improvements. This has led to leadership and direction being strengthened.</p> <p>The council completed its priority based budgeting exercise which provided the basis for the publication of its 5-year Business Plan.</p> <p>In the previous update, the LAN noted that while the council's political arrangements were improving they remained volatile. A commitment was given by the council to undertake self-evaluation activity on the roles and responsibilities of members with a view to improving member/officer relations and supporting efficient and effective conduct of business. The council has shown that it was serious about dealing with this matter. An officer/member working group was involved in an assisted self-evaluation project. Recommendations arising from this exercise were recently considered by the management team and are expected to go to council in summer 2012.</p> <p>Overall, we have continued to regard this area as one of uncertainty. The action taken by council in response to the recommendations from the self-evaluation activity will be reviewed as part of the annual audit process.</p>

Changes to 2011/12 risk assessments

13. The next table relates to risk assessments that have been changed from the 2011/12 AIP Update.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Housing and environment - housing	No significant concerns	Area of uncertainty	<p>Mixed picture for housing performance indicators, many above the Scottish average. Management of void rents is deteriorating.</p> <p>59% of dwellings met Scottish Housing Quality Standards (SHQS) in 2010/11. Projected investment is above the average for Scottish councils and funding requirements are high.</p> <p>A focused follow-up inspection in 2011 reported that while the council's management of gas safety is improving, it is not fully meeting its statutory duties on gas safety.</p> <p>SHR intend to review progress in these areas during 2012/13 by focused self-evaluation activity.</p>
Housing and Environment – homelessness	Significant concerns	No significant concerns (except an area of uncertainty for approach to meeting the 2012 target and assessing applications)	<p>The SHR reported in April 2011 on the council's progress in the delivery of the homeless service but highlighted ongoing weaknesses in the service including the heavy reliance on bed and breakfast (B&B) accommodation.</p> <p>Subsequently, there has been an increase in the council's supply of temporary accommodation and a consequent reduction in its use of B&B. Other noted improvements include a reduced number of breaches of the Homeless Persons Unsuitable Accommodation Order.</p> <p>The level of non priority assessments has decreased slightly but is higher than the 2008/09 figure and the national figure. The Council did not achieve its own target during 2010/11.</p> <p>There are concerns about the council's ability to achieve 2012 homelessness targets and therefore this aspect has been assessed as an area of uncertainty.</p>
Housing and environment - environment	Area of uncertainty	No significant concerns	<p>Mixed range of services with mixed performance. Significant review of the council's waste strategy with decisions made for significant investment in services.</p> <p>Improvement in recycling levels although still behind target. Service undertakes benchmarking and has competitiveness at the heart of its business plan. A range of service achievements were made and awards obtained.</p>

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Education, culture & sport	<p>Education - No significant concerns</p> <p>Culture & Sport - Area of uncertainty</p>	No significant concerns	<p>Education attainment is mixed. The council is aware of its position and continues to implement changes to improve overall performance and also its position relative to its comparator authorities.</p> <p>Cultural services are performing above the Scottish average in four of the five relevant Statutory Performance Indicators.</p> <p>Interim arrangements for the management of the service are in place following the departure of the Director. While the service continues to face challenges, the HM District Inspector continues to monitor performance on a regular basis as part of Education Scotland's ongoing work with the council. There is no additional scrutiny risk.</p>
Social care & wellbeing,	<p>Social care & wellbeing – green - No significant concerns</p> <p>Social care & wellbeing – Balance of care and commissioning – Area of uncertainty</p> <p>Social care & wellbeing – Learning disabilities – Significant concerns</p>	Area of uncertainty	<p>Significant changes have taken place across all social care services. In previous years, the LAN felt it was necessary to assess social care and well-being as three distinct sections. For the 2012 update, good progress was considered by the LAN, however the impact on services will not be assessed until the ISLA is completed later in the year.</p> <p>There has been significant service redesign, improved performance management and the introduction of a framework for self-evaluation. It is however too early to assess the level of impact of the changes on the services.</p> <p>The ISLA which commenced in April 2012 will consider the impact of these changes on the services.</p> <p>The council is progressing a business plan for the development of a local authority trading company (LATC) which would deliver elements of services for older people and people with learning disabilities. This is an evolving project with significant potential impact on service users, staff and the way services are provided.</p> <p>At present, the LAN is uncertain about the level of risk inherent in the services due to the scale of proposed change and the likely impact.</p> <p>For these reasons social care and well-being has been assessed as an area of uncertainty.</p>
Enterprise, planning & infrastructure services	Area of uncertainty	No significant concerns	There has been a recent restructuring of the service. There is a largely positive picture shown by performance indicators.

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
Health & social care	Area of uncertainty	No significant concerns	<p>Health performance is mixed; male and female life expectancies are significantly better than the Scotland average. However, Aberdeen City CHP performs poorly compared to the Scottish average in respect of alcohol and drug related conditions.</p> <p>The NHS Grampian Accountability Review for 2011 was generally positive.</p> <p>A positive joint Inspection of Services to Protect Children was carried out in March 2011.</p>
Children & young people	Area of uncertainty	With the exception of exclusion rates, no significant concerns	<p>Good progress was reported in Early Years by Education Scotland in the 2010 INEA follow through inspection report and the Care Inspectorate review of Child Protection arrangements in 2011.</p> <p>An area of continued concern is the exclusion rates for children and young people who are looked after at home which are more than double the Scottish average. This will be considered by the ISLA process but will also be covered by the HM District Inspector's ongoing challenge visits with the council.</p>
Public Performance Reporting	Significant concerns	No significant concerns	Annual Public Performance Report for 2010/11 provided on the website.
Customer focus and responsiveness	Area of uncertainty	No significant concerns	<p>There are effective structures in education for engaging with young people. For example, youth council members participated in an authority wide strategic planning event.</p> <p>There was engagement with the community and other key stakeholders as part of the development of the 5-Year Business Plan and the involvement of key stakeholders is also a regular feature within the council's budget setting process.</p> <p>Examples of community engagement activities are also featured within each department's service plan.</p>
Use of resources – managing people	Area of uncertainty	No significant concerns	The council's Corporate Workforce Strategy, Peoplefirst, informed the development of the 5-year Business Plan 2011/12 to 2015/16, which in turn informed service plans. A detailed workforce plan is now being developed. The current level of employee satisfaction was measured through the 2010 Employee Opinion Survey. An employee engagement strategy and action plan has been put in place to build on positive outcomes of the survey and bring

Area	2011/12 Risk Assessment	2012/13 Risk Assessment	Reason for Change
			about improvements in areas such as performance appraisal, communication and job satisfaction. Improved sickness absence rates.
Use of resources - competitiveness	Area of uncertainty	No significant concerns	Options considered as part of the priority based budgeting exercise were characterised as either efficiency, transformation or stop/reduce options. Many of the options in the business plan require significant service redesign and joint working. For example, a separate company is being formed to manage the housing repairs service and the council has developed a business plan to support the formation of a local authority trading company to deliver aspects of social care services under different arrangements.
Regeneration	Area of uncertainty	No significant concerns	There are several examples of development across the city which demonstrate positive regeneration. The council received significant funding from the Fairer Scotland Fund which was targeted at key areas of deprivation and need. The Enterprise, Planning and Infrastructure Business Plan covers business development and regeneration and is regularly reviewed by committee. The council's regeneration strategy was last updated in 2007 and is now ready for a refresh so that it complements the objectives set out by the council's recently revised community planning objectives and structures.
Climate change	Area of uncertainty	No significant concerns	The council prepares and annual Climate Change Declaration and prepares an annual report covering, for example, improving the carbon footprint and air quality. Aberdeen's overall waste arisings dropped compared to the previous year. There was a significant rise in the recycling/composting rate with the city achieving 31.7%. However this is still short of the required target of 40% of municipal waste to be recycled in 2012.

Review of 2011/12 scrutiny activity

14. During the year the following scrutiny activities were concluded. Key points to note were:
- A positive joint report was issued in respect of child protection services. Significant improvements were noted and leadership and direction was strengthened since the earlier inspections in 2008 and 2009.
 - SHR's follow up inspection report continued to highlight some concerns around homelessness, SHQS and gas safety. These issues feature within the shared risk assessment refresh.
 - The Audit Scotland review of Fire and Rescue Services in Grampian has been carried out and the report published in March 2012. There are no issues emerging from this impacting directly on Aberdeen City Council.
15. Within the 2011/14 scrutiny plan, a piece of best value corporate assessment work was scheduled for summer 2012 to assess how the council and its partners are achieving effective outcomes for local people. This work is currently being re-considered in light of the national work under development in Audit Scotland to assess the effectiveness of Community Planning Partnerships. Aberdeen City has indicated an interest in being considered as a site for the pilot work.
16. These reviews have informed the 2012/13 risk assessment process.

Scrutiny plan changes

17. Changes to the scrutiny plan arising from this updated shared risk assessment are reflected in Appendix 1. These changes are:
- SHR is to undertake follow-up work on progress with SHQS, gas safety and homelessness through focused self-evaluation in areas of uncertainty in the second quarter of 2012/13.
 - Care Inspectorate ISLA review commenced in April 2012.
18. The scrutiny plan also includes scrutiny activity arising from national priorities and directions. For 2012/13 this work covers Housing Benefits performance audit and follow-up work on Audit Scotland's Maintaining Scotland's Roads report.

Appendix 1 - Scrutiny plans

Scrutiny activity in the shaded rows does not result from the shared risk assessment but is either at the request of the council eg supported self-evaluation work or national activity eg national follow-up work or work requested by Ministers.

ABERDEEN CITY COUNCIL		2012-13											
Scrutiny activity year 1		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
SHR - follow up on progress with SHQS, gas safety and homelessness and focused self-evaluation work in areas of uncertainty.													
Care Inspectorate – Initial Scrutiny Level Assessment (ISLA) review													
National or planned work which is not as a result of the risk assessments should be listed in the shaded rows													
Housing Benefit performance Audit as part of the Accounts Commission's Benefit Fraud Inspection work on behalf of the Department for Work and Pensions (DWP) – second round													
Maintaining Scotland's roads – follow up activity (Audit Scotland)													
		2013-14											
Scrutiny activity year 2		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No planned activity													
		2014-15											
Indicative scrutiny activity for rolling third year	Potential scrutiny bodies involved												
No planned activity													

Footnotes

- The focus of the AIP Update is **strategic scrutiny activity**, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level on-going throughout the period of the AIP. This will include, for example, school and residential home inspections.
- At the request of Scottish Ministers the Care Inspectorate will lead a **Joint Inspection of Children's Services** in each local authority area in Scotland. These inspections will commence in 2012/13 starting with a development site in April/May 2012 and a cycle of inspection of services for children which will report publicly from Autumn 2012. The selection of local authority areas for inspection will be based on intelligence and risk and take account of the Shared Risk Assessment. LAN leads will be advised in due course.
- In addition, Audit Scotland will be working with scrutiny partners to pilot an approach to assessing the **delivery of outcomes by community planning partnerships**. Pilot sites will be confirmed with the LAN lead in due course.
- Audit Scotland undertake an annual rolling programme of **thematic performance audits**. The fieldwork sites are identified as part of the development of the scope for each individual audit. Fieldwork sites will be confirmed with LAN leads as each audit is developed.
- The **annual audit** of local government also comprises part of the baseline activity for all councils. In April 2008, the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. As Audit Scotland has no inspection function, this '**benefits performance audit**' work has been incorporated into the annual audit of local government. The exact timing of the audits will be confirmed through the LAN lead.
- **Education Scotland**, through the District Inspector, will continue to support and challenge Education Services regularly and as appropriate the **Care Inspectorate** will regulate care services and inspect social work services based on the Public Services Reform (Scotland) Act 2010.
- Scrutiny bodies also reserve the right to make unannounced scrutiny visits.